

Program Memorandum Intermediaries

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal A-03-074

Date: AUGUST 29, 2003

CHANGE REQUEST 2894

SUBJECT: Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for FY 2004

I. General Information

This Program Memorandum (PM) is to inform you of the changes that will be required as part of the annual IRF PPS update for FY 2004.

A. Background

On August 7, 2001, we published in the **Federal Register**, a final rule that established the PPS for inpatient rehabilitation facilities (IRFs), as authorized under §1886(j) of the Social Security Act (the Act). In that final rule, we set forth per discharge Federal rates for Federal fiscal year (FY) 2002. These IRF PPS payment rates became effective for cost reporting periods beginning on or after January 1, 2002. Annual updates to the IRF PPS rates are required by §1886(j)(3)(C) of the Act.

B. Policy

On August 1, 2003, we published a final rule in the **Federal Register** (68 FR 45674) that sets forth the prospective payment rates applicable for IRFs for FY 2004. A new IRF PRICER software package will be released prior to October 1, 2003, that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2003 through September 30, 2004. The new revised Pricer program must be installed timely to ensure accurate payments for the IRF PPS claims with discharges on or after October 1, 2003 through September 30, 2004.

II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
2894.1	Medicare systems shall apply the FY 2004 IRF PPS payment rates to discharges on or after October 1, 2003	Pricer, SSM
2894.2	Intermediaries shall post either a summary or relevant portions of this instruction on their Web sites to educate providers within two weeks of the issuance date of this PM and have this information published in their next regularly scheduled bulletin. If you have a listserv that targets the affected provider communities, you must use it to notify subscribers that information about the "Annual Update for Inpatient Rehabilitation Facilities" is available on your Web site.	FIs

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
2894.1	The new IRF Pricer module will not contain any new calculation logic, but will simply apply the existing calculations to the updated rates.

B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
2894.1	The input and output records of the IRF Pricer module will not be changed.

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. ATTACHMENT(S) N/A

<p>Version:</p> <p>Implementation Date: October 1, 2003</p> <p>Discard Date: September 30, 2004</p> <p>Post-Implementation Contact: Appropriate regional office</p>	<p>Effective Date: October 1, 2003</p> <p>Funding: These instructions should be implemented within your current operating budget.</p> <p>Pre-Implementation Contact: Jeanette Kranacs (410) 786-9385 for payment policy questions. Sarah Shirey (410) 786-0817 for operational questions.</p>
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